

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS**

In re:)	Chapter 11
LINC USA GP, <i>et al.</i> ¹)	Case No. 16-32689 (DRJ)
Debtors.)	(Jointly Administered)

**NOTICE OF SELECTION OF SUCCESSFUL BID AND BACK-UP BID
AT AUCTION FOR DEBTORS' LOT OF GULF COAST ASSETS**

PLEASE TAKE NOTICE that pursuant to the *Order Approving Bidding Procedures and Protections; Approving Procedures for the Assumption and Assignment of Contracts and Leases; Scheduling Bidding Deadline, Auction Date, and Sale Hearing Date; and Approving Form and Notice Thereof* [Dkt. No. 205] (the “Bidding Procedures Order”)², the debtors and debtors in possession (together, the “Debtors”) conducted an auction (the “Auction”) on August 23, 2016, at 10:00 a.m. (CT) in the Houston offices of Bracewell LLP, 711 Louisiana Street, Suite 2300, Houston, Texas 77002 for the Debtors’ Gulf Coast Assets, Wyoming Assets, and Alaska Assets (each, a “Lot”).

PLEASE TAKE FURTHER NOTICE that at the conclusion of the Auction, the Debtors determined in their reasonable business judgment after consultation with the Official Committee of Unsecured Creditors, the DIP Lenders, and the Prepetition Lenders that Torrent Gulf Coast LLC (“Torrent” or the “Successful Bidder”) submitted the highest and best

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtors’ federal tax identification number, are: Linc Energy Finance (USA), Inc. (6684); Linc USA GP (5234); Linc Energy Resources, Inc. (9613); Linc Gulf Coast Petroleum, Inc. (6790); Linc Energy Petroleum (Louisiana), LLC (1074); Linc Alaska Resources, LLC (2362); Paen Insula Holdings, LLC (1681); Linc Energy Petroleum (Wyoming), Inc. (9859); Diasu Holdings, LLC (9626); Diasu Oil & Gas Company, Inc. (8926); and Linc Energy Operations, Inc. (5806).

² Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to them in the Bidding Procedures Order.

Qualifying Bid for the Lot of the Debtors' Gulf Coast Assets with a cash bid of \$37,500,000 (the "Successful Bid").³

PLEASE TAKE FURTHER NOTICE that at the conclusion of the Auction, the Debtors determined in their reasonable business judgment after consultation with the Official Committee of Unsecured Creditors, the DIP Lenders, and the Prepetition Lenders that Energy Reserves Group LLC ("ERG" or the "Back-up Bidder") submitted the next highest and best Qualifying Bid for the Lot of the Debtors' Gulf Coast Assets with a cash bid of \$37,500,000 (the "Back-up Bid").⁴

PLEASE TAKE FURTHER NOTICE that pursuant to the Bidding Procedures Order, a hearing will be held before the Honorable David R. Jones of the United States Bankruptcy Court for the Southern District of Texas on August 31, 2016, at 2:00 p.m. (CT), at which the Debtors will seek entry of an order approving and authorizing, among other things, the sale of the Gulf Coast Assets to the Successful Bidder in accordance with the terms of the Asset Purchase Agreement between the Debtors and the Successful Bidder.

³ The Successful Bid also included the following terms: (i) Torrent will add to its initial deposit amounts sufficient to result in a deposit of 30% of the \$37,500,000 bid amount in an escrow account by the close of business on August 24, 2016; (ii) Torrent will use its best efforts to close within 14 days following the Bankruptcy Court's entry of an order approving the sale of the Debtors' assets (the "Sale Order"), and will close no later than the business day before the 20th day following the Bankruptcy Court's entry of the Sale Order; (iii) Torrent will eliminate Annex A to its proposed Asset Purchase Agreement; (iv) Torrent will revise Section 2.6 and Schedule 2.6 of its proposed Asset Purchase Agreement to reflect the version of Section 2.6 and Schedule 2.6 provided in the virtual data room; and (v) Torrent will revise the asset allocations listed in Schedule 8.2 of its proposed Asset Purchase Agreement on a pro rata basis to reflect the total purchase price of \$37,500,000.

⁴ The Back-up Bid also included the following terms: (i) ERG will add to its initial deposit amounts sufficient to result in a deposit of 10% of the \$37,500,000 bid amount in an escrow account by the close of business on August 30, 2016; (ii) ERG will close no later than 14 days from the date of being named the Successful Bidder (in the event Torrent fails to close); (iii) ERG will eliminate Annex A to its proposed Asset Purchase Agreement; and (iv) ERG will revise the asset allocations listed in Schedule 8.2 of its proposed Asset Purchase Agreement on a pro rata basis to reflect the total purchase price of \$37,500,000.

Respectfully Submitted,

BRACEWELL LLP

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